

**UMKHANDLU WASEKHAYA  
IMPENDLE  
LOCAL MUNICIPALITY**



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**2013/14 ADJUSTED BUDGET**

**27 FEBRUARY 2014**

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## **1. MAYORAL SPEECH**

### **Introduction**

Since our election into office in March 2006 our municipality has gone through major challenges both at a political and administrative level. It is history now that the challenges escalated to the level where the Provincial Executive resolved to intervene in our affairs in terms of s139 of the constitution. It is also history now that the intervention in terms s139 has been lifted. It is commonly acknowledged that the intervention assisted the municipality to move towards the attainment of the objects of local government as enshrined in the constitution.

I am delighted that through hard work and dedication on the part of council members, management, staff and provincial authorities Impendle Local municipality is able to table a balanced budget and on time. Notwithstanding, it has to be acknowledged that this budget is tight. It is vulnerable to slight market changes such as fuel increases, salary and other increases.

### **Public Participation**

We have visited all stakeholders even those in remote areas as promised in the previous budget and IDP process. Already we've had consultative meetings with all property owners on property rates as well as the IDP. The budget and tariffs will be advertised widely in the press, the website and on our notice boards. The active involvement of our ward committees in the public participation process last year was commendable. This year we have to intensify the involvement of ward committees in the budget and IDP processes as this would continue to entrench participatory democracy in our communities.

### **Operating Revenue and Expenditure**

#### **Revenue Property rates**

- The municipality adjusted property rates upwards by 35%. This was due to the current approved demarcation that saw Stepmore, Ridge, Thunzi and Ntwasahlobo community being incorporated into Impendle Jurisdiction by the Demarcation Board

#### **Investment Revenue**

- Increased by 92% due to late approval of roll over which in the municipality keeping R 5m for the past 6 months

#### **Own Revenue**

- 15% increase VAT collected not budgeted for initially

#### **Employee Cost**

- Decreased due to positions budget for, not filled.
- Decreased due to deceased staff members with no placement

## Finance Changes

- Over budgeted by 42%

## Capital Budget

- Increased by 86% due to additional funding received from Cogta for Small Town Rehabilitation Project

The bulk of the operating revenue of the municipality is derived from the equitable share allocation as well as conditional grants from both national and provincial governments. The total adjusted operating expenditure proposed for Impendle Local Municipality for the 2013/2014 is R 34 410 102 which is 48% of the total adjusted budget of the municipality.

The following are the main operating expenditure areas:

- Staff Related Costs - R 13 873 223
- General Expenses – R 18 240 564
- Repairs and Maintenance – R 645 534
- Councillors remuneration - R1 650 781

Apart from staff costs our adjusted operating budget focuses on the implementation of the Municipal Property Rates, Provision for depreciation, Loan Repayment, Free Basic Electricity, Electrification project, Local Economic Development, Sport, Programs for the elderly, children, youth, the disabled as well as those infected or affected by HIV & AIDS.

## Capital Revenue and Expenditure

The bulk of the capital revenue of the municipality is derived from the following Grants:

Municipal Infrastructure Grant allocation 2013/14 Financial year	- R 12 645 523
Electrification Grant Allocation for 2013/14 Financial year	- R 6 766 243
MIG includes 5% allocated to Project Management Unit (PMU)	
COGTA funded projects (inclusive of R9 4625000 adjustment)	- R 17 757 840
Internally funded capital items for 2013/14 financial year	- R 1 036 000

The following is a split of budget into GFS/votes as follows:

	<b>TOTAL BUDGET</b>	<b>GFS % over total budget</b>	<b>R 72 107 229</b>
1	Executive and Council	10	R 7 045 552
2	Budget and Treasury	14	R 10 835 491
3	Solid Waste(Refuse)	0	R Nil
4	Corporate, Community and Social Services	11	R 8 335 059
5	Corporate Services	0	

6	Public Safety	0	R Nil
7	Housing	1	R 856 201
8	Sports and recreation	1	R 350 000
9	Planning and development	63	R 45 871 125
10	Road Transport	0	R Nil
11	Environmental Protection	0	R Nil
12	Health	0	R Nil
13	Markets	0	R Nil
14	Tourism	0	R Nil
15	Waste Water Management	0	R Nil

## Conclusion

In conclusion I wish to state that this Adjustments Budget Speech represents as an Executive Summary of our municipality's 2013/14 to 2015/2016 Financial Years Budget and captures only key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details thereof.

On behalf of the people of Impendle, I move that the Adjusted Annual Budget of Impendle Local Municipality for the year 2013/2014 Financial Year and the indicative budget for 2014/2015 and 2015/2016 Financial Years be accepted as tabled.

I thank you

## 2.1 Vision

## 2.2 Mission

### 3. COUNCIL MEMBERS

- HW Cllr SG Ndlela
- Cllr CD Gwala
- Cllr SL Mlaba
- Cllr NG Mvelase
- Cllr PP Mtolo
- Cllr KM Dlamini
- Cllr HT Zuma

- Mr SI Mabaso - Municipal Manager
- Mr SG Ngcobo - Manager Corporate and Community Services
- Mr ZC Tshabalala - Manager Infrastructure and Planning Services
- Mr OV Kunene – Manager Financial Services (Chief Financial Officer)

- Council adopted budget process plan in August 2013
- The Mayor established a Budget Steering Committee in terms of section 4 chapter 2 of Government Gazette No. 31804
- Management and Mayor met to compile this adjustments budget on the 18<sup>th</sup> February 2014.
- DORA allocations from both National and Provincial Treasuries were used to determine the 2013/14 allocations to Impendle LM for the adjustments budget.
- From the supplied departmental figures, an amount of R5m was cut to balance off the budget
- Council approved the adjustments budget on the 27<sup>th</sup> February 2014

- The anticipated 2013/14 Surplus of R2,8m was made available to balance the 2013/14 adjusted budget.
- GFS/Standard Classification was acknowledged in the process.

- Powers and functions were used as a guiding tool
- Tariff of charges was escalated by 6% on average
- Company contribution on medical aid was calculated on SALGA's collective agreement where 60% of employee's monthly premium for medical aid is cost to employer (SAMWUMED scheme price list was used as a bases for calculating budgeted figures for cost of medical allowance granted to staff members in terms of Basic Conditions of Employment Act)
- Adjusted operating expenditure budget for 2013/14 was drawn up based on the mid-year assessment ending 31 December 2013. The capital adjustments budget was drawn up on the gazetted allocations by both National and Provincial Treasuries. Section 57 salaries were increased by the cost of living inflationary increase applicable to permanent staff employees with effect from 01 July 2013. This is a pattern following the directive from Bargaining Council.

## 7. FOCUS AREAS

The adjusted budget focuses on the following priorities as identified in the IDP:

- Implementation of Municipal Property Rates Act
- Upgrading or construction of Access Roads
- Improvement of Public participation
- Support for Local Economic Development initiatives
- Provision of Free Basic Services
- Development of Human Capital (internally within the municipality and externally in partnership with the Dept of Education and other relevant Stakeholders)
- Upgrading of information and communication systems (internally in the municipality and externally through service providers)
- Electrification Programme
- Construction of Impendle Mill
- Small Town Rehabilitation

## 8. EXECUTIVE SUMMARY OF A BALANCED ADJUSTED BUDGET FOR THREE CONSECUTIVE YEARS

	2013/2014	2012/13	2011/12
<b>REVENUE</b>			
Unspent grant received from previous years	246 000	1 881 287	4 055 471
Equitable Share Grant	20 741 000	23 775 000	19 887 000
Government Grant Reserve Fund	2 034 000	1 300 000	1100 000
Conditional Grants	42 550 000	24 001 000	28 717 000
Property Rates and other income	3 727 000	2 178 258	1 835 030
Contribution from surplus of preceding year	2 809 000	2 060 486	2 953 150
<b>Total Revenue</b>	<b>72 107 000</b>	<b>53 896 031</b>	<b>57 447 651</b>
<b>EXPENDITURE</b>			
Salaries and Allowances	13 873 000	13 159 826	10 873 319
General Expenses	17 711 000	16 212 424	15 109 939
Councillors Remuneration	1 671 000	1 485 398	1 119 033
Repairs and Maintenance	646 000	1 396 375	1 574 030
Capital Expenditure	38 206 000	21 642 008	28 771 330
<b>Total Expenditure</b>	<b>72 107 000</b>	<b>53 896 031</b>	<b>57 447 651</b>
Surplus/Deficit	0	0	0

**NB:** The adjusted budgeted Operating Expenditure (OPEX) for 2013/14 financial year amount to  
R 33 901 000, 00.

#### **9. DoRA ALLOCATIONS FOR 2013/14 FINANCIAL YEAR**

Finance Management Act grant-FMG	1 650 000
Municipal System Improvement Grant-MSIG	890 000
Equitable Share-ES (after adjusting for R5m withdrawn)	20 741 000
Municipal Infrastructure Grant-MIG	11 106 000
Library Grant	514 000
Library Services-Cybercadet	120 000
EPWP	1 000 000
COGTA – Small Town Rehabilitation & Corridor	9 625 000
Sports Grant	190 000
Public Participation	200 000
<b>Total</b>	<b>47 536 000</b>

#### **10. ADJUSTED ANNUAL BUDGET RESOLUTIONS**

To be attached as an extract from Council Minutes of a meeting held on 27<sup>th</sup> February 2014.



## 11. TARIFF OF CHARGES

	Unit(s)	2013/14	2012/13	2011/12
Rates Certificate	Each	R100.00	R95.00	R90.00
Graveyards	Grave Site	R77.70	R74.00	R70.00
Hall Hire	Hour	R104.50	R95.00	R90.00
Refuse	Government Residential Business	R1639.00 R438.70 R1633.50	R1485pa R410pa R1490pa	R1400pa R380pa R1400pa
Thusong Conference Hall Hire	Hour	R134.2	R122.00	R115.00
Library copies	Per a4 page	R1.00	R1.00	R1.00
Library-Printing	Per Copy	R2.50	R2.50	R2.00
Library-Faxing to local	Per Page	R5.00	R4.50	R4.00
Library-Faxing to outside 033 code	Per Page	R6.50	R6.50	R6.00
Rates-Residential	Cents	R0.012	R0.011	R0.010
Rates-Farmland		R0.003	R0.002	R0.001
Rates-Small Holdings		R0.003	R0.002	R0.001
Rates-Industrial		R0.012	R0.011	R0.010
Rates-Commercial		R0.012	R0.011	R0.010
Rates-Multipurpose		R0.012	R0.011	R0.010
Rates-State Owned		R0.005	R0.004	R0.003
PSI Properties		R0.005	R0.004	R0.003
Tenders Fees	Per Document	R350.00	R250.00	R200.00
Billboards	Per Quarter	RNil	RNIL	R380.00
Lot 52 Room Rental	Per Month	R660.00	R600.00	R560.00
Market stalls	Small monthly Medium monthly Large monthly	R110.00 R121.00 R154.00	R100.00 R110.00 R140.00	R95.00 R100.00 R130.00
Taxi Permits	Per taxi per annum	R440.00	R400.00	R380.00
TLB Hire	Hour	R629.64	R594.00	R560.00
Tractor Hire	Hour	R148.40	R140.00	R130.00
Thusong Services Centre rental	Square Meter	R88.00	R80.00	R73.00

## 12. FUNCTIONAL ADJUSTED BUDGETS & SDBIP'S

The Adjusted Service Delivery and Budget Implementation Plan (SDBIP) will be tabled to the Mayor 14 days after adjusted budget approval

## 13. ANALYSIS SUPPORTING THE ADJSUTED BUDGET

Departments	Adjusted Budget
Executive and Council Services	R 7 045 552
Planning and Infrastructure Services	R 45 871 126
Corporate and Community Services	R 8 355 059
Financial Services	R 10 835 491
<b>TOTAL</b>	<b>R 72 107 229</b>

## 14. FISCAL OVERVIEW

In order to counter the ever rising inflation rate we have either decreased or increased the municipal revenue and expenditure accordingly. This is in line with the R5m that was withdrawn from Equitable Share in July 2013 as a result of unspent electrification grant. The municipality had not applied for a rollover of the unspent funds thus the withhold albeit measures taken to curb withdrawal in June/July 2013.

## 15. INVESTMENTS

Call accounts were opened with ABSA, Standard Bank, NED Bank and First National Bank to keep each and every conditional grant separately from the municipal primary account. All receipts and payments are made to and from the municipal primary account.

No	Bank	Account Number
1	NedBank	037881012463000021
2	Standard Bank	636864901
3	Standard Bank	636863484
4	Standard Bank	636863476
5	Standard Bank	258541326-004
6	ABSA	9280671957
7	ABSA	9286205518
8	ABSA	9287282125
9	ABSA	9287813716
10	ABSA	9286914797
11	NedBank	037881012463000023
12	NedBank	037881012463000024
13	NedBank	037881012463000025
14	NedBank	037881012463000026
15	NedBank	037881012463000027
16	NedBank	037881012463000028

## 16. ADJUSTED BUDGET & REVENUE RELATED POLICIES AND PROCEDURES

The following policies were presented to council for review on 28<sup>th</sup> March 2013 where council took a resolution and approved the financial policies which are as follows:

- Assets Management Policy
- Credit Control and Debt Collection Policy
- Indigent Policy
- Banking and Investment Policy
- Supply Chain Management Policy
- Tariff Policy
- Subsistence and Travelling
- Budget Policy
- Anti- Corruption Policy
- Petty Cash Policy
- IT Policy
- Accounting Policy
- Rates Policy
- Write-Off's Policy
- Virement Policy

## 17. COUNCILLOR SALARIES

Councillor	Annual Package	Cell Phone Allowance	Mobile Data Card	Total Remuneration
Mayor (Ndelela SG)	338 903	20 868	3 600	363 371
Dlamini KM	184 634	20 868	3 600	209 102
Gwala CD	184 634	20 868	3 600	209 102
Mlaba SL	237 232	20 868	3 600	261 700
Mvelase NG	184 634	20 868	3 600	209 102
Mtolo PP	184 634	20 868	3 600	209 102
Zuma HT	184 634	20 868	3 600	209 102
<b>TOTAL</b>	<b>1 499 305</b>	<b>146 076</b>	<b>25 200</b>	<b>1 670 581</b>

Councillor's salaries were calculated by utilising packages obtainable from latest Notice issued by the Minister of Provincial and Local Government in January 2014.

## 18. SECTION 57 EMPLOYEES PACKAGES

Position	Annual Package
Municipal Manager	753 559
Manager Financial Services (CFO)	700 625
Manager Infrastructure & Planning	600 913
Manager Corporate & Community	600 913
<b>Total</b>	<b>2 656 010</b>

Sec 57 employee salaries were budgeted at inflationary increment of 6,5 % and were subsequently approved by Council on the 28<sup>th</sup> November 2013.

## 19. NATIONAL REPORTING FORMS TO SUPPORT THE BUDGET

Circular 59 forms are all attached herewith.

## 20. WAY FORWARD

The municipality has to intensively embark on a program to improve its revenue. At present the municipality is largely funded by grants received from Provincial & National transfers. The implementation of the Municipal Property Rates Act is costing the Municipality more money than what the municipality can collect.

## 21. CLOSURE

Impendle Local Municipality has critical resource constraints which if not addressed may strain the administration of the municipality in the short term.

I thank you

## 22. ANNEXURES

Item Number	Item
1	Adjusted Budget Analysis with Mayoral Speech
2	Circular budget templates (N/A)
3	Adjusted Budget related Council Resolutions
4	Adjusted Budget Quality Certificate
5	Adjusted Budget Schedules
6	Adjusted Service Delivery and Budget Implementation Plans (to be tabled to Mayor after Council approval)
7	Electronic and hardcopy versions of above schedules and annexure's